

NORTH DAKOTA PUBLIC SERVICE COMMISSION
February 27, 2003

**Montana-Dakota Utilities Co., a Division of
MDU Resources Group, Inc.
March 2003
Purchased Gas Adjustment-Natural Gas**

**PU-399-03-87
Filed 02/11/2003**

SUMMARY OF PROPOSAL:

For gas bills issued during March 2003, MDU is increasing its Cost of Gas charge by \$.644 per dekatherm (dk) for residential and firm general service customers. This changes the current Cost of Gas charge from \$4.229 per dk to \$4.8739 per dk.

The change in the cost of gas for residential customers results from:

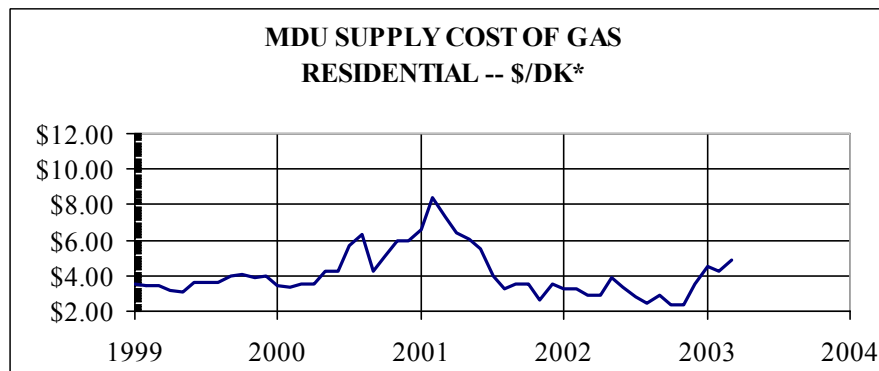
- \$0.098 per dk increase in the commodity cost of gas
- \$0.546 per dk increase in surcharge adjustment.

The small increase in commodity cost is attributed to the fact that the regional weather has not followed the trend of the rest of the country (with sharp increases).

\$.546 of the increase is the result of MDU's proposal to implement an out-of-cycle balancing account surcharge adjustment to be effective March 1, 2003 through April 30, 2003. Normally, the surcharge adjustment filing is effective May 1 of each year. The reason out-of-cycle adjustment is that the deferred gas cost account balance is approaching zero and the out-of-cycle adjustment would prevent a buildup in the deferred account.

MDU requests a waiver from Section 4(a) of the PGA tariff to allow this out-of-cycle adjustment.

The Rocky Mountain CIG Index is based on a detailed price discovery survey by several natural gas periodicals, such as the "Inside FERC Gas Market" report and "Gas Daily" by McGraw Hill, or prices paid by willing sellers and buyers of quantities of gas in that region. The Rocky Mountain CIG Index is indicative of most supplies MDU purchases for its requirements.



This PGA change will increase the March bill for a typical residential customer with usage of 12.5 dk by \$8.05. There were 84,152 MDU customers in North Dakota as of December 31, 2002.

The Department of Energy's (DOE) Energy Information Administration (EIA) provides various publications on energy issues. The information is available on the EIA's website: <http://www.eia.doe.gov>.

M O T I O N

February 27, 2003

**Montana-Dakota Utilities Co., A Division of
MDU Resources Group, Inc.
March 2003
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Case No. PU-399-03-87

I move the Commission approve Montana-Dakota Utilities Co.'s Natural Gas
Purchased Gas Adjustment for March 2003, Case No. PU-399-03-87.

PJF/sdh